SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Ben Hueso, Chair
2021 - 2022 Regular

Bill No:	SB 756	**Hearing Date:**	4/19/2021
Author:	Hueso		
Version:	2/19/2021 Introduced		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: Home weatherization for low-income customers

DIGEST: This bill defines "low-income customers" for the purposes of eligibility for the Energy Savings Assistance (ESA) program to mean low-income persons or families with household income at or below 250 percent of federal poverty level, instead of the current 200 percent of federal poverty.

ANALYSIS:

Existing law:

1) Establishes the California Public Utilities Commission (CPUC) has regulatory authority over public utilities, including electrical corporations and gas corporations. (California Constitution, Article XII, §§3 and 4)

2) Requires an electrical or gas corporation to perform home weatherization services for low-income customers if the CPUC determines that a significant need for those services exists in the utility's service territory, as specified. (Public Utilities Code §2790)

3) Requires the California Energy Commission (CEC) to develop and implement a comprehensive program to achieve greater energy savings in California's existing residential and nonresidential building stock. (Public Resources Code §25943 et seq.)

This bill defines "low-income customers" for the purposes of eligibility for the ESA program to mean low-income persons or families with household income at or below 250 percent of federal poverty level.

Background

ESA Program. The ESA program is one of the state's oldest energy assistance programs, with origins in a 1983 decision by the CPUC, and one of the key assistance programs administered by the state's four largest investor-owned energy utilities. The ESA Program offers no-cost energy efficiency measures and non-energy benefits for income-qualified households. Services provided include attic insulation, energy-efficient refrigerators, energy-efficient furnaces, weather-stripping, caulking, low-flow showerheads, water heater blankets, and door and building envelope repairs that reduce air infiltration. In providing these energy efficiency and weatherization measures, the ESA Program is able to help low-income families reduce energy consumption and optimize a more efficient use of energy, while improving quality of life and comfort. Both participating and non-participating ratepayers fund the ESA Program via a surcharge on electric and gas utility bills. For each budget cycle, the CPUC approves budgets for, and directs the electric and gas investor-owned utilities (IOU's) administration of, the ESA Program.

Other Energy Assistance Programs. In addition to the ESA Program, there are additional assistance programs to help low-income customers. Most notably, the Low-Income Home Energy Assistance Program (LIHEAP) is a federally funded program administered through the California Community Services and Development Department that provides one-time emergency utility bill assistance for eligible customers of any electric or gas utility in the state. The LIHEAP also provides some weatherization assistance, although more limited than the ESA Program. The state budget has in previous years also provided some funding for energy assistance programs, largely for solar installations, through the greenhouse gas reduction fund. The CPUC also administers a number of programs that provide financial assistance, in many cases for solar other distributed energy resources including batteries. These programs include: the Self Generation Incentive Program and Solar on Multifamily Affordable Housing. Nonetheless, the ESA Program is the longest serving with the most consistent budget of the programs focused on helping low-income customers.

Low-income customer. Currently, the ESA Program defines low-income customers as those whose income falls at or below 200 percent of the federal poverty levels. The current definition is consistent with the definition used to define eligibility for the CARE (California Alternate Rates for Energy) rate assistance program administered by the state's IOUs. CARE provides a discount of 20 to 35 percent on utility bills, depending on the utility. The table below denotes the current income guidelines as established for both programs:

ESA Program Income Guidelines	
Household Size	Income Eligibility Upper Limit
1-2	$34,480
3	$43,440
4	$52,400
5	$61,360
6	$70,320
7	$79,280
8	$88,240
Each additional person	$8,960
* Effective June 1, 2020 to May 31, 2021	

Family Electric Rate Assistance (FERA) program. Families whose household income slightly exceeds the California Alternate Rates for Energy (CARE) allowance (up to 250 percent of federal poverty level) qualify to receive FERA discounts. Unlike CARE, FERA applies an 18 percent discount to customers of the state's three largest electric utilities – Southern California Edison (SCE), San Diego Gas and Electric Company (SDG&E), and Pacific Gas & Electric Company (PG&E). FERA was established through a CPUC decision, involving the electric IOUs and ratepayer organizations. FERA is an effort to help families who may have incomes that are just above the income eligibility for CARE, but who likely still experience hardships paying their utility bills. However, unlike CARE customers, FERA customers are not eligible for the energy savings assistance program to provide subsidized weatherization and other energy efficiency upgrades to help reduce the customer's energy load. Additionally, unlike CARE, FERA enrollment participation rates are low across the board for all three utilities.

SB 756. This bill adjusts the definition of "low-income" customer for the purposes of the ESA program to include customers whose income is up to 250 percent of federal poverty level. As such, this bill expands the pool of eligible households who can benefit from the ESA Program measures.

Comments

ESA Budgets. The proponents of this bill argue that an expansion of the definition of low-income customer is necessary to better account for the needs of struggling Californians, including those whose income falls just above the current threshold. Many of the proponents are representatives of the contractors working in communities to implement ESA Program measures. These contractors note that in some regions of the state it had become more difficult to locate eligible customers under the current income definition, even though these customers also contribute towards funding the program. Additionally, the proponents note that ESA Program budgets often go unspent – at times with hundreds of millions of dollars remaining unexpended. The budget numbers for the ESA Program confirm the proponents' claims, as noted in the table below provided by the CPUC in 2020 which provides a breakdown by the four administering electric and gas IOUs: PG&E, SCE, Southern California Gas (SCG), and SDG&E.

$ in Millions	Authorized for 2017-2020[1] (A)	Expended through March 2020 (B)	Remaining funds through March 2020 (C=A-B)	Estimated remaining funds by end of cycle (end of 2020)[2] (D)	Estimated remaining funding through June 30, 2021[3] (E)
PG&E	$704.9	($447.2)	$257.7	$178.1	$48.9
SCE	$380.8	($235.9)	$144.9	$62.4	$21.5
SCG	$761.9	($309.6)	$452.3	$0.0	$0.0
SDG&E	$142.3	($65.4)	$76.9	$4.1	$4.1
Total	$1,989.9	($1,058.1)	$931.8	$244.6	$74.5

Impact on ratepayers. The expansion of the definition of low-income customer, in and of itself, may not guarantee increased costs to ratepayers, particularly when there are still unspent authorized funding for the program. he author and many of this bill's proponents have stated their desire to not increase costs on ratepayers and to maintain the amounts most recently authorized for each of the utilities ESA Program. Rather, the author and sponsors note their desire to expend authorized funds to help more families who could benefit from the program.

Prior/Related Legislation

SB 1403 (Hueso, 2020) would have expanded the ESA program eligibility to persons and families under the income limit regulations established and published by the Department of Housing and Community Development pursuant to Section 50093 of the Health and Safety Code.

SB 1135 (Bradford, Chapter 413, Statutes of 2018) codifies the requirements of the FERA program for the state's three largest electrical corporations and increases the program discount from 12 percent to 18 percent line-item discount on a customer's electric utility bill.

---

[1] This includes unspent funds from previous program cycles.
[2] These figures represent the remaining funds the IOUs would have had at the end of the program cycle, ending December 31, 2020, if not for the COVID-19 pandemic.
[3] Includes IOU plans related to potential bridge funding in 2021 and offsetting collections from ratepayers throughout 2020 and 2021, as directed by CPUC D.16-11-022.

SB 350 (De León, Chapter 547, Statutes of 2016) enacted the "Clean Energy and Pollution Reduction Act of 2015," which establishes targets to increase retail sales of renewable electricity to 50 percent by 2030 and double the energy efficiency savings in electricity and natural gas end uses by 2030.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

California Energy Efficiency Industry Council, Sponsor
ASSERT, Inc.
California Community Builders
California Efficiency + Demand Management Council
California Housing Community Corporation
Chicana/Latina Foundation
Dolores Huerta Foundation
El Concilio of San Mateo County
La Cooperativa Campesina de California
Natural Resources Defense Council
One East Palo Alto
PROTEUS, Inc.
Quality Conservation Services

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: In support of this bill, the Dolores Huerta Foundation states:

> In short, SB 756 would provide desperately needed relief on multiple levels to California’s most vulnerable communities. The current ESA program eligibility guidelines no longer work given California's high cost of living and have the effect of disqualifying families as over-income who otherwise are the target audience. This enrollment barrier excludes countless struggling families for whom the program is fundamentally intended. We note also that while this bill will expand eligibility of the ESA program, it will do so without increasing the current CARE or ESA budgets. SB 756 is good for people, good for the environment and good for the budget.

-- END --